



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Serena Lusk  
General Manager, Community Services

**Date:** January 11, 2019  
**File:**

**Re:** 2019 Operating and Capital Budgets for Richmond Public Library

### Staff Recommendation

That the 2019 Richmond Public Library budget of \$9,710,500 as presented in Attachment 1 from the Chief Librarian and the Secretary to the Board, has been reviewed by the Senior Management Team.

Serena Lusk  
General Manager, Community Services  
(604-233-3344)

Attach. 1

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>APPROVED BY CAO</b>
Finance Department	<input checked="" type="checkbox"/>	
<b>CONCURRENCE BY SMT</b>	<b>INITIALS:</b>	
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**To:** Finance Committee

**Date:** January 10, 2019

**From:** Susan Walters  
Chief Librarian and Secretary to the Board  
Richmond Public Library

**Re:** **2019 Operating and Capital Budgets for Richmond Public Library**

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**Staff Recommendation**

1. That the 2019 Richmond Public Library Operating and Capital budgets as presented in this report dated January 10, 2019 from the Chief Librarian and Secretary to the Board be approved with a same level of service municipal contribution of \$9,710,500, representing a 3.90% increase.



Susan Walters  
Chief Librarian and Secretary to the Board  
Richmond Public Library  
(604-231-6466)

Att. 1

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## Staff Report

### Origin

In accordance with the *Library Act, Section 10(1)*, the Richmond Public Library Board must prepare and submit to City Council its annual budget for providing library services on or before March 1, 2019. Council must approve the draft budget with or without amendment. This library staff report details the 2019 Operating and Capital Budgets, which were approved for submission to the City by the Library Board at its September 26, 2018 meeting.

### Analysis

The ever-changing needs of our community require that the library responds dynamically, balancing traditional and digital library services in addition to creating welcoming spaces for our diverse community to gather, share and learn together. With the success of the Launchpad service design and delivery, the Library Board allocated 2017 operating surplus funding for a minor renovation on the 2nd floor of the Brighthouse branch. With the support of Capital Buildings Project Development staff, this refreshed space opened in May 2018 and includes an improved service point for one-on-one support and instruction, better lighting, and comfortable seating for library users browsing second floor collections. Seating areas on the main floor will also be refreshed by December 2018 with matching funds from the Friends of the Library.

### Strategic Plan

With the conclusion of the Strategic and Long Range Plan 2014-2018 imminent, the primary focus for the Library Board in 2018 has been the creation of a new 3-year strategic plan, which will guide library services through 2019-2021. Extensive and varied public consultation took place between February and June. Community feedback regarding future library services was solicited through:

- Short surveys conducted in-person at the Brighthouse and Steveston branches in collaboration with Kwantlen Polytechnic University
- Long surveys emailed to active library cardholders
- Brief surveys emailed to non-active library cardholders
- Open House with 9 interactive feedback stations
- Focus groups with 9 specific audience groups
- “Big Ideas” Let’s Talk Richmond online survey

Working with an external consultant, the Library Board and the Staff Action Committee are pleased and excited to be finalizing the library’s new strategic plan this month.

## 2019 Operating Budget

The 2019 operating budget report presents the same level of service base budget resulting in 3.90% municipal contribution increase.

Main cost drivers to provide the same level of service is summarized as follows:

**Table 1 – Main Cost Drivers**

<b>Main Cost Drivers</b>	<b>Amount</b>	<b>Municipal contribution increase</b>
Labour	224,200	2.40%
Janitorial Contract	23,400	0.33%
Lease	17,300	0.19%
Utilities	4,700	0.05%
Decrease in Provincial Grant	12,200	0.09%
Others	22,700	0.20%
<b>Same Level of Service Increase</b>	<b>304,500</b>	<b>3.26%</b>
One-time cost to transition from Medical Services Plan (MSP) To Employer Health Tax (EHT)	60,000	0.64%
<b>Proposed Municipal Contribution Increase</b>	<b>364,500</b>	<b>3.90%</b>

### Revenues:

The 2018 Per Capita Operating Grant received from the province decreased by 4.55% due to the province using the 2016 Census Population Values for Richmond (198,309) provided by BC Stats. This is in contrast to 2017, when this grant was determined using the 2015 Estimate Population Values for Richmond (207,773) provided by BC Stats. The three smaller grants are projected to remain the same, but we are budgeting less for the per capita grant in 2019.

Fewer library materials are being used by non-residents and it is expected that the InterLINK reimbursement revenue for being a net library lender will continue to decrease in 2019.

Other revenue is projected to increase by \$17,500 due to endowment fund interest being accounted for as revenue. The annual interest from the library's endowment funds with Vancouver Foundation and the Richmond Community Foundation support new public furniture and equipment purchases annually.

Overall, revenue is expected to drop by \$8,300 or -1.19% to \$689,400.

### Expenditures:

A budget adjustment of \$203,000 was approved in 2018 for an ongoing additional level request to support services to seniors.

Total salaries and benefits are anticipated to increase by \$284,200 or 3.85% to \$7,658,500. This increase reflects the impact of Employer Health Tax (EHT) and three contractual obligations: a 2% across-the-board-increase, planned step increments, and an increase to shift premiums based on contractual rates.

The BC Provincial Government announced that it would be replacing the current system of subsidizing the health care system through collecting individual Medical Services Plan (MSP) premiums with EHT effective January 2019.

The 1.95% EHT will take effect in January 2019. However, while MSP premiums were reduced by 50% commencing in January 2018, they will not be eliminated until January 1, 2020. Overall, there is a one-time net budget impact of \$60,000 for this transition.

Contracts increased due to the negotiation of a new external cleaning contract and increase holiday coverage hours for building service workers.

Leases for the Cambie and Ironwood branches are in the process of being renegotiated and are estimated to increase by \$17,300.

Funds were shifted to Professional Fees and Insurance.

Overall, operating expenses increase by \$72,000 or 4.07%.

Total expenses increased by \$356,200 or 3.55% to \$10,399,900.

### 2019 Capital Budget

Collection:

The transfer to Provision – Collection is \$1,274,400. Approximately \$382,000 is allocated for eBooks and digital collections and the remaining \$892,400 supports print collections.

### Ongoing Additional Level Requests

Expanded Children and Family Services – \$164,252 ongoing:

Children and youth are the primary user groups of library services and have a significant impact on community dynamics and trends. Statistics Canada reports that 19.55% of Richmond's population is ages 0-19. It is recognized that the level of well-being during childhood and teen years are a strong predictor of a person's level of success as an adult.

Trends show increasing usage of children's and teen's materials from 2017 to 2018. During the summer of 2018, use of the children's collection increased by 0.48% and use of the teen's collection increased by 3.40%. Library services and materials for children and teens continue to be in high demand:

- children and teens materials make up over 46% of overall circulation
- 72% of library programming is aimed at children and teens

UBC Human Early Learning Partnership identified Richmond's child vulnerability rate as 35%, which is higher than the provincial rate of 32.2 %. The City's Youth Services Plan reports that youth (13-18 years) are experiencing a decreased sense of community and a lack of access to resources oriented to youth. An increasing number of Richmond children are experiencing challenges such as poverty, poor health and isolation and it is known that high levels of literacy are associated with reduced poverty and higher levels of wellness.

The ongoing additional level request for two specialized librarian positions will directly result in expanded services, both in the library and in the community where socially isolated and at-risk children and youth reside. These additional resources will support:

- participation in new library-specific services and programs to increase awareness and use of specialized collections and resources,
- solidifying the partnership with Richmond schools to ensure every child has a library card, and
- generating further opportunities with city staff and community service providers to provide collaborative services.

This 2019 request is one of three additional levels of service proposals that were included in the Staff Report, Referral Report on Borrowing Limits, Municipal Library Services and Impact of Increased Per Capita Funding, presented to the Finance Committee on October 28, 2016. Restoring Branch Hours and Expanded Service for Seniors received Council support during the 2017 and 2018 budget processes respectively.

Book Vending Technology – \$41,500 one-time:

The library provides seniors with access to specialized collections and programming at the Brighthouse Branch. With the City's seniors' centre moving to the new Minoru Centre for Active Living (MCAL) in late 2018, the Brighthouse branch will be less accessible for our older residents. Innovative library book vending technology is proving to be popular and easy to use in the Hamilton community and would provide convenient access to library collections where seniors are during all MCAL operational hours.

No additional funding for collections would be required as the library would reallocate existing collection resources and seek donor support for further developing this dispenser collection. Specialized seniors services library staff would ensure the book dispenser collection is regularly refreshed in addition to collaborating with MCAL staff to provide library services and programs on site and promote specialized library services for seniors.

## **Financial Impact**

The 2019 library budget has a decrease in revenues of \$8,300 (-1.19%) and an increase in expenditures of \$356,200 (3.55%). A one-time expenditure of \$60,000 is required to cover transition from MSP to the Province's EHT in 2019.

## **Conclusion**

This report recommends a same level of service budget with a municipal contribution of \$9,710,500 be approved. An ongoing additional level request for \$164,252 and a one-time additional level request for \$41,500 have been submitted to the City's 2019 Budget Process for Consideration.

A handwritten signature in black ink that reads "S. Walters." The signature is written in a cursive style with a period at the end.

Susan Walters, Chief Librarian and Secretary to the Board  
Richmond Public Library  
(604-231-6466)

**Richmond Public Library  
2019 Proposed Operating Budget**

	2018 Adjusted Base Budget <sup>1</sup>	2019 Proposed Budget	Difference	% Difference from 2018 Approved Budget
<b>REVENUES</b>				
Provincial Grants	\$402,200	\$390,000	-\$12,200	-3.03%
Book Fines	\$156,300	\$149,900	-\$6,400	-4.09%
Interlink Reimbursement	\$50,700	\$44,000	-\$6,700	-13.21%
Printers & Photocopiers	\$39,100	\$39,100	\$0	0.00%
In House Book Sales	\$33,900	\$33,400	-\$500	-1.47%
Other Revenue	\$15,500	\$33,000	\$17,500	112.90%
<b>Total Revenues</b>	\$697,700	\$689,400	-\$8,300	-1.19%
<b>EXPENDITURES</b>				
<b>Total Salaries and Benefits</b>	\$7,374,300	\$7,658,500	\$284,200	3.04%
Contracts	446,600	\$470,000	\$23,400	5.24%
General and Administration	739,900	\$736,200	-\$3,700	-0.5%
Leases	240,100	\$257,400	\$17,300	7.21%
Utilities	133,200	\$137,900	\$4,700	3.53%
Supplies	114,000	\$114,000	\$0	0.00%
Equipment Purchases	72,200	\$87,500	\$15,300	21.19%
Professional Fees and Insurance	\$21,900	\$36,900	\$15,000	68.49%
<b>Total Operating Expenses</b>	\$1,767,900	\$1,839,900	\$72,000	4.07%
<b>Transfer to Provision - Collection</b>	\$892,400	\$892,400	\$0	0.00%
<b>Transfer to Provision - Enterprise Fund</b>	9,100	\$9,100	\$0	0.00%
<b>TOTAL EXPENSES</b>	\$10,043,700	\$10,399,900	\$356,200	3.55%
<b>SUMMARY:</b>				
<b>REVENUE</b>	\$697,700	\$689,400	-\$8,300	-1.19%
<b>EXPENDITURE</b>	\$10,043,700	\$10,399,900	\$356,200	3.55%
<b>NET BUDGET (MUNICIPAL CONTRIBUTION)</b>	\$9,346,000	\$9,710,500	\$364,500	3.90%

<sup>1</sup> Includes an ongoing additional level that was approved in 2018 for senior services expansion